

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SCS-03 SCA-01 CIAE-00 DODE-00  
PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01  
SP-02 SS-15 USIA-06 TRSE-00 HEW-04 /079 W  
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FM AMEMBASSY ATHENS  
TO SECSTATE WASHDC 8844  
INFO USMISSION GENEVA  
USMISSION EC BRUSSELS

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E.O. 11652: N/A  
TAGS: ELAB, GR  
SUBJECT: GREECE MOVES TOWARD MODERNIZED SYSTEM OF SOCIAL SECURITY  
CONTRIBUTIONS

1. A MINISTRY OF SOCIAL SERVICES SPOKESMAN ANNOUNCED JANUARY 24  
THAT THE GOG HAS DECIDED THAT THE MINISTRY OF FINANCE WILL COLLECT  
CONTRIBUTIONS TO THE GREEK SOCIAL SECURITY SYSTEM (IKA)  
TOGETHER WITH INCOME TAX PAYMENTS (MDE IN TEN MONTHLY INSTALLMENTS  
- EXCLUDING JANUARY AND FEBRUARY), INSTEAD OF THE PRESENT PRACTICE  
WHEREBY IKA CONTRIBUTIONS ARE PAID SEPARATELY AT DESIGNATED BANKS.

2. SINCE IKA WAS ESTABLISHED IN 1937, EMPLOYERS HAVE BEEN  
RESPONSIBLE FOR TALLYING THE TIME CREDITED TOWARD RETIREMENT  
FOR THEIR WORKERS, DISTRIBUTING STAMPS FOR BOOKLETS IN WHICH  
INDIVIDUAL WORKERS KEEP TRACK OF SUCH CREDIT, AND DEPOSITING  
IKA CONTRIBUTIONS IN CERTAIN BANKS AUTHORIZED TO HOLD IKA  
FUNDS. AN INDIVIDUAL WORKER'S TIME CREDITED TOWARD RETIREMENT  
IS RECORDED BY IKA ONLY AS HE TURNS IN TO IKA HIS BOOKLET  
COMPLETELY FULL OF STAMPS.

3. A SPORADICALLY EMPLOYED WORKER MAY TAKE TWO TO THREE  
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YEARS TO COMPLETE A BOOKLET. BECAUSE OF THIS COMBERSOME SYSTEM,  
A SIGNIFICANT PORTION OF CONTRIBUTIONS IS NOT COLLECTED (OR  
IS INCORRECTLY CREDITED) AS A RESULT OF INEFFICIENCY OR THROUGH  
DELIBERATE EVASION BY EMPLOYERS. COLLECTIONS ON A REGULAR  
BASIS BY THE FINANCE MINISTRY (THE GOVERNMENT AGENCY  
MOST EXPERIENCED IN HANDLING TAXES), AND CONTROL OF THE DE-  
POSITED IKA FUNDS BY THE MINISTRY, ARE EXPECTED TO TIGHTEN UP

THE SYSTEM CONSIDERABLY, PARTICULARLY IF INDIVIDUAL RECORDS NOW MAINTAINED IN LEDGERS CAN BE COMPUTERIZED.

4. ANOTHER POSSIBLE BENEFIT COULD BE A MERGER OF THE PLETHORA OF SMALLER-GOVERNMENT-SPONSORED RETIREMENT PROGRAMS WITH IKA, IF THE NEW COLLECTION SYSTEM PROVES TO BE MORE EFFICIENT FOR EMPLOYERS AND AS ADVANTAGEOUS TO BENEFICIARIES. SOME 37 SEPARATE PROGRAMS SERVING INDIVIDUAL PROFESSIONS AND UNDER THE CONTROL OF DIFFERENT MINISTRIES HAVE GROWN UP OVER THE YEARS.

5. LABOR MINISTRY DIRECTOR GENERAL AVERGIOS KARALIS TOLD THE EMBASSY LABOR OFFICER JANUARY 25 THAT THE FINANCE MINISTRY HAS OPPOSED PROPOSALS FOR A CENTRALIZED COLLECTION SYSTEM IN THE PAST PRINCIPALLY BECAUSE IT DID NOT WISH TO ENCUMBER ITS TAX COLLECTION OPERATION. KARALIS SAID THAT MANY DETAILS REMAIN TO BE WORKED OUT AMONG THE MINISTRIES OF LABOR, SOCIAL SERVICES AND FINANCE BEFORE THE NEW METHOD OF COLLECTION IS PUT INTO EFFECT. BUT WITH THE FINANCE MINISTRY'S AGREEMENT TO BE RESPONSIBLE FOR COLLECTIONS, KARALIS BELIEVES THE NEW SYSTEM COULD BE IMPLEMENTED AS EARLY AS THE BEGINNING OF THE NEXT TAX YEAR, JANUARY 1, 1978.

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## Message Attributes

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**Review Markings:**  
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